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SUBJECT: BRAZIL: AMAZON DEFORESTATION RATE SET TO BE THE LOWEST IN TWO DECADES, DESPITE LATE SURGE

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¶1. (SBU) SUMMARY. The rate of deforestation of the Amazon Forest decreased 46% for the August 2008-July 2009 annual period compared to the previous 12-month period based on preliminary data released by the Brazilian National Space Research Institute (INPE). The results of high-resolution satellite imagery should be released soon, and they are likely to show Amazon deforestation to be about 7,000 square kilometers or less. This would be the lowest deforestation rate since monitoring began in 1988. This good news may have a modest, positive impact on Brazil's climate change negotiators by giving a boost to their confidence that the government could meet targets for reducing greenhouse gas emissions from deforestation, which is the primary source of emissions from Brazil. However, a sharp rise in the deforestation rate for July 2009 - if it persists - could represent the beginning of a return to high rates. END SUMMARY

RECORD BREAKING DECLINE IN DEFORESTATION

¶2. (SBU) On September 1, the Brazilian National Space Research Institute (INPE) released the final monthly deforestation figure for the annual year ending July 31, which showed a dramatic 46% decrease for the year compared with the previous year. The monthly figures come from the relatively low resolution DETER system, which relies on the MODIS satellite and the Chinese-Brazilian satellite (CBERS). The figures for the year from the relatively high resolution PRODES system using LANDSAT should come out later this month. The more accurate PRODES figures tend to be about 50 percent greater than the annual figures using the DETER monthly numbers.

¶3. (SBU) Environment Minister Carlos Minc announced that based on the results from the DETER system that the annual rate would be the lowest in two decades. It is very likely that he is right. Since Brazil began releasing annual deforestation figures in 1988, the annual figure has fluctuated between a high of nearly 30,000 square kilometers in the 12-month period ending July 31, 1995 to around 11,000 square kilometers in 1991 and 2007. Assuming the PRODES figure is roughly 50% larger than the 4,375 square kilometers DETER figure, then the annual rate should be about 7,000 square kilometers or less. The DETER figure would have to be low by over 100% for the annual figure this year to break the 10,000 square kilometers mark, which would be remarkable.

DISTURBING SPIKE IN JULY

¶4. (SBU) While the total for the year came in much lower than last year's, the monthly rate of deforestation shot up in July 2009. DETER found a total area of 836.5 square kilometers, which represents the highest number for the year and a rate that presented

a 160% increase compared to the previous month. Further, the July 2009 figure was more than three times as high as that for July 2008. Minister Minc said that July historically comes in with a high number because the cloud coverage lessens and the satellite can see deforestation from earlier months that had been obscured by clouds. "The deforestation had already taken place, but was not detected by the satellite images in the previous months due to the clouds that covered most of the area", he explained.

¶ 15. (SBU) COMMENT. Minister Minc correctly points out that July tends to have less cloud coverage which allows DETER to tally earlier undetected deforestation. However, the July report indicated that much of the deforestation detected in that month were in areas that had not been blocked by cloud coverage in earlier months. This would suggest the deforestation took place in July itself and not earlier. The sour note in the month of July - by itself - does not significantly detract from the overall positive news about a sharp decline for the annual period. If this persists, then Brazil may be returning to an era of high deforestation rates.
END COMMENT.

POSSIBLE EXPLANATIONS FOR SHARP DECLINE

¶ 16. (SBU) Various factors contributed to the decline in the deforestation rate. Minister Minc is categorical about the principal reason behind the decline in the deforestation rate. He told the press, "90% of the decrease in deforestation rate took place due to law enforcement actions taken by the government." The government has made numerous raids and thousands of seizures of illegal timber and cattle on illegally cleared land, he said.

¶ 17. (SBU) Independent analysts have pointed out that the deforestation rate has historically been closely linked to the demand for beef and, to a lesser extent, soybeans. The drop in demand for beef and soybeans associated with the economic crisis may have been a contributing factor in explaining the lower

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deforestation rate, though it probably was not the dominant one because changes in commodity prices take time to have a major effect on farmer decision-making. In addition, this 12-month period was a particularly rainy one, which would have impeded efforts to clear the forest through fire.

¶ 18. (SBU) COMMENT. The good news about the sharp decline in the deforestation rate may have a spillover effect on the GOB's position in international negotiations under the UN Framework Convention on Climate Change (UNFCCC). The GOB negotiators may now be more willing to accept binding or aspirational targets for reducing greenhouse gas emissions - or for reducing deforestation - now that they have had some success in this area. Last year's rise in the deforestation rate compared with 2007 despite increased enforcement efforts likely surprised the GOB and undermined their confidence that they could agree to targets for reducing deforestation. Nonetheless, other powerful factors constraining the GOB negotiators, especially pressure from other G-77 countries not to agree to targets and avoiding possibly limiting economic growth, remain in place. In sum, the good news on the deforestation will likely have a modest, positive effect on the GOB's negotiating position. END COMMENT.

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